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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Billed Party Preference)
For 0+ InterLATA Calls)

CC Docket No. 92-77

**AMERITECH'S COMMENTS ON
FURTHER NOTICE OF PROPOSED RULEMAKING**

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I. INTRODUCTION AND SUMMARY

The Ameritech Operating Companies² (hereinafter "Ameritech") file these Comments supporting the implementation of Billed Party Preference ("BPP") and responding to the Commission's request for updated information and answers to various questions raised by the Commission in its Further Notice of Proposed Rulemaking³. The benefits of BPP still outweigh its costs, and these benefits cannot be reasonably achieved by any other currently feasible less-costly alternative. The issues raised by the Commission can be reasonably resolved to make BPP a cost-effective customer oriented service that will support evolving competition across the telecommunications marketplace.

However, the implementation of BPP must reflect the realities of today's competitive marketplace, which require that:

² The Ameritech Operating Companies are: Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; and Wisconsin Bell, Incorporated.

³ In the Matter of Billed Party Preference for 0+ InterLATA Calls, Further Notice of Proposed Rulemaking, CC Docket No. 92-77, released June 6, 1994 ("FNPRM").

1. as tentatively concluded by the Commission, BPP should be implemented by all providers of telecommunications services, including local exchange carriers ("LECs"), competitive access providers ("CAPs"), alternate exchange carriers ("AECs"), independent payphone providers and aggregators;
2. LECs, who will bear the largest portion of BPP costs, should be able to recover their costs in a reasonable time through a competitively neutral mechanism;
3. customers should not pay a premium to use BPP services;
4. inmate services should be exempt from BPP;
5. customers should be notified of their BPP options, but should not be required to choose via a ballot or subjected to any forced allocation process; and
6. the impact of BPP upon the economics of the pay telephone industry should be carefully considered by the Commission, which should implement a usage-based compensation arrangement (or "set-use fee") for all payphone providers.

The Commission concludes that it "will mandate BPP if [it] concludes that, as indicated by the current record, its benefits outweigh its costs and that these benefits cannot be achieved through alternative, less costly measures."⁴ Although a great deal has changed since Ameritech originally proposed the implementation of BPP in 1987, Ameritech will demonstrate that, on balance, BPP's benefits to customers outweigh its costs.

The benefits of BPP that originally led Ameritech to propose BPP still exist and, while the costs of BPP are significant, these costs are reasonable

⁴ FNPRM ¶ 2.

when compared to the benefits that BPP will provide. More importantly, BPP will not increase the net rates paid by consumers. In fact, the cost offsets created by BPP and competition and the consumer control fostered by BPP will likely reduce the total charges actually paid by consumers.

II. THE BENEFITS OF BPP

The issue of the cost and benefit offsets of BPP was discussed in detail in the Comments filed by Ameritech in the earlier phase of this docket. Ameritech generally supports the Commission's conclusions and incorporates by reference the analysis in its earlier comments.⁵

Ameritech generally agrees with the Commission's analysis of the benefits of BPP. In fact, most of the benefits of BPP specified by the Commission in the FNPRM were also identified by Ameritech in its 1992 Comments in this docket.⁶ Ameritech refers the Commission to its earlier detailed discussion of Ameritech's position on the benefits of BPP. These benefits have not changed over the past two years.

In summary, Ameritech agrees with the Commission that BPP will:

1. facilitate network access by eliminating the need to dial access codes on operator service calls;
2. guarantee automatic routing to the customer's preferred carrier, thereby saving customers substantial sums of money (estimated by the Commission to be \$280 million per year) by avoiding high-priced OSPs;⁷

⁵ In the Matter of Billed Party Preference for 0+ InterLATA Calls, Notice of Proposed Rulemaking, CC Docket 92-77, Comments of the Ameritech Operating Companies ("1992 BPP Comments") filed July 7, 1992, pp. 19-20.

⁶ 1992 BPP Comments, pp. 1-6.

3. stimulate competition for services by refocusing providers more squarely on consumers thereby promoting lower prices and better service thus significantly reducing OSP costs;
4. stimulate competition by eliminating the advantage AT&T derives from its large customer base by giving all competitors the same ability to compete through universally available 0+ access; and
5. likely result in lower prices and better service.

Ameritech continues to support BPP because it will significantly improve customer service on interLATA calling card, collect and bill to third number calls originated by dialing 0 plus the called number ("0+"). BPP's primary benefit is that it eliminates the need to dial access codes for 0+ calls by automatically routing all 0+ calls to the carrier preselected by the customer paying for the call. By giving the consumer control over the routing of 0+ calls, BPP will refocus competition for 0+ traffic away from the level of commissions paid to premises owners and payphone providers and toward improved customer service, reduced rates and the promotion of innovative services.

Because BPP gives customers the ability to preselect and use the OSP of their choice from any payphone, BPP will significantly reduce the opportunity for unfair and misleading practices by unscrupulous OSPs, payphone providers and aggregators. As evidenced by continued consumer complaints to state commissions as well as to the FCC, some such providers still take advantage of the confusion surrounding presubscription and access code dialing to overcharge the calling public.

⁷ FNPRM ¶11. Ameritech does not fully endorse the Commission's analysis which resulted in this estimate. That analysis understated the true effect of set use fees because it did not include payments to all payphone providers, including LECs.

More importantly, the benefits of BPP can be achieved with no increase in the rates paid by consumers. In fact, Ameritech agrees with the FCC that BPP has the potential to reduce rates paid by consumers. This favorable result is possible for four reasons. First, customers will be able to easily avoid the highest priced OSPs. Second, BPP will reduce the need for interLATA OSPs to pay commissions to premises owners and payphone providers, thereby saving what the Commission estimates to be \$340 million annually.⁸ Third, BPP will cause significant added cost offsets and benefits to OSP and consumers. Fourth, as the Commission found, BPP will refocus competition on the customer, thereby creating significant pressure to pass these cost savings along to consumers in the form of price reductions or other incentives.

However, the Commission must recognize that implementing BPP will significantly change the economic incentives which currently support the structure of the pay telephone industry.⁹ In today's marketplace, competitive payphone providers are often financed in large part by the cash flow that comes from commissions paid by OSPs and IXC's. In the context of this proceeding, the Commission should adopt a usage-based compensation mechanism to replace this substantial revenue stream, and require that such compensation be paid to all payphone providers, including LECs.¹⁰

⁸ FNPRM, at 9-10 (fn. 25).

⁹ Ameritech is not convinced otherwise by the FNPRM's statement that recent commission increases have had no meaningful effect on the number of payphones in service. FNPRM at 19, fn. 57. The converse is not necessarily true; i.e., a reduction in commission payments could well reduce the number of payphones.

¹⁰ Contrary to the FNPRM's characterization of only non-RBOC affiliated entities as "competitive" providers, the entire payphone marketplace is extremely competitive in nature.

The owner of every pay telephone invests capital to purchase and install the phone, and incurs ongoing maintenance expense as well. Since all payphone callers benefit from this investment and expense, regardless of whether they make local, intraLATA toll, or interLATA toll calls, all revenue-producing calls should contribute toward these expenditures.

In the current arrangement, independent payphone providers do, in fact, receive usage-based compensation from interLATA calls, in the form of either payments from 1+ sent-paid calls or 0+ store-and-forward calls, or in the form of commissions paid by OSPs for 0+ calls. Independent payphone providers also typically receive compensation for dial-around calls.

In contrast, RBOC-affiliated payphone providers currently receive only the (non-usage based) carrier common line (CCL) charge; no other form of usage-based compensation is available to them. This historical form of regulatory "handicapping" of one class of providers cuts against both competitive equity and the economic reality of today's marketplace. In the instant proceeding, the Commission should recognize this disparate impact of implementing BPP and realign the economic underpinnings of the payphone business by adopting usage-based compensation for all providers.

III. RESPONSES TO SPECIFIC COMMISSION REQUESTS FOR COMMENT

- A. Consumers prefer 0+ dialing but are dialing access codes to avoid exorbitant or premium rates. However, access code dialing will not eliminate current OS price gouging.

The Commission asks the parties to address whether customers find access codes confusing.¹¹ Ameritech has found that customers prefer 0+ dialing because this dialing sequence is simpler and easier to remember.

¹¹ FNPRM ¶10.

Focus group research conducted for Ameritech in May, 1994 shows that consumers are attracted to the convenience and simplicity of 0+ dialing. However, their dialing method is significantly influenced by price. Thus, to protect themselves from what they believe to be excessive rates, many consumers are willing to dial access codes. This research demonstrates that, to be successful, 0+ dialing must be structured so it provides reliable access to the OSP selected by the customer, at rates that are competitive with other dialing methods such as access codes and 800 numbers.

Ameritech agrees that while the Commission's rules pursuant to the Telephone Operator Consumer Services Improvement Act ("TOCSIA") have eliminated some of the most serious problems presented by a per-set presubscription system of equal access for public telephones, other problems remain. It is true that the availability of 10XXX and 800 access from payphones, when combined with massive advertising campaigns of interexchange carriers, has made dial around feasible for heavy users of operator services. However, as the Commission noted, these developments have not completely eliminated the problem of price gouging, because many users (particularly occasional users such as the vacation traveler) still find access code and 800 dialing to be burdensome and confusing. At the same time, the Commission should recognize that continued state and FCC enforcement problems will not be completely eliminated by BPP. For example, the opportunity will still exist to use autodiallers and other schemes to subvert the intent of the Commission's rules without continued active enforcement.

While access code usage is growing among heavy users of 0+ service,¹² it must not be forgotten that, from the consumer's perspective, BPP is a

significant service improvement over access code dialing. At best, consumers are putting up with the additional requirements of access code dialing to avoid paying exorbitant rates charged by some OSPs.

- B. BPP costs should be fully recovered from all operator services calls in a reasonable time.

The Commission asks for further comment regarding how BPP costs should be recovered.¹³ First and foremost, any cost recovery mechanism that makes O+ calling a premium service costing more than other operator assisted and alternate billed calls will seriously erode the benefits of BPP from the consumer's perspective. For this reason, unless cost recovery for BPP-handled O+ calls is available to all providers at a rate no greater than that for other operator traffic (on a per-call basis), BPP should not be implemented.

Consumers prefer to dial O+, but only if that dialing routine gets them access to reasonably priced services. They are not typically interested in paying a premium to dial fewer digits. For example, as previously discussed, 55% of calling card customers today use access codes. In addition, 52% of customers indicated that they would dial an access code to receive a 5% discount; 64% said they would do so to receive a 20% discount.

Thus, consumers want a simple and reliable way to get access to reasonably priced services. For that reason, it makes no sense to spend over \$1 billion implementing BPP unless that step delivers what customers want -- easy access to predictable, reasonably priced service.

¹² An Ameritech study in January, 1993 shows that 22% of calling card users had used access codes. In March, 1994, that number had increased to 55%. However, it must be remembered that even in the face of price gouging by some OSPs and the heavy advertising of dial-around by the interexchange carriers in 1993, 45% of calling card users never use an access code and preferred to dial O+. Of the group that stated they had used an access code, the group stated they use them about 63% of the time.

¹³ FNPRM ¶59.

BPP costs should be recovered from all providers of operator and alternate billed services, regardless of the carrier who handles the call or the OSP that provides the operator services. Although it would be premature to adopt a specific recovery mechanism, it is important for the Commission to establish the principle that BPP costs will be recovered from all operator and alternate billed traffic, and will be recovered through a competitively neutral mechanism; i.e., one that applies equally to all operator and alternate billed traffic regardless of the carrier, OSP or customer involved.

C. All OSS7 costs should be treated as BPP costs.

The Commission asks for comment on the extent to which OSS7 costs would be treated as BPP costs. The Commission also asks the parties to address the need for and possible other uses of OSS7.¹⁴

Ameritech's present planning assumption is that OSS7 will be used solely to provide BPP and will have no other use. For that reason, OSS7 costs will need to be recovered as any other BPP cost.

The cost estimates included with Ameritech's earlier BPP Comments¹⁵ were based upon the assumption that OSS7 might be shared with other services and uses, and would ultimately be deployed with or without BPP. However, since that time, it has become clear that deployment of OSS7 in Ameritech's end offices will have no other use than supporting BPP. OSS7 deployment in Ameritech's operator services switches may provide some residual benefits to certain CLASS capabilities. However, Ameritech has no

¹⁴ FNPRM ¶23.

¹⁵ 1992 BPP Comments, at p.16. See also, Ameritech ex parte filing, June 10, 1993.

plans to deploy OSS7 absent BPP. In any event, the related costs represent a small part of the total cost of implementing BPP.

Ameritech has revised the BPP cost estimates it filed earlier with the Commission to reflect the dedicated use of OSS7 for BPP, as well as vendor price changes and updated labor rates. A copy of the revised cost study is included as Attachment A. Network costs of BPP are increased over previous estimates by \$37 million, which reflects both the attribution of all of OSS7 costs to BPP and revised vendor pricing. Ameritech's overall costs for deploying BPP would be approximately \$104 million, plus \$35 million in annual operating costs.

D. BPP will help foster efficient OS and local competition.

As noted by the Commission, BPP is pro-competitive in the sense that it will refocus competition on the consumer and on each carrier's ability to serve customers at competitive rates. BPP also gives all interexchange carriers, OSPs and payphone providers an equal chance to provide universally available easy access and eliminates the "advantage" of the largest entrenched carrier.¹⁶ BPP will also create a significant opportunity for smaller interexchange carriers to effectively compete on an equal basis with large providers on the basis of service and price. It will also encourage competition for this business among AEC's.

BPP is fully consistent with emerging competition for access and exchange services and should, in fact, accelerate those trends. Under the principles expressed in Ameritech's Customers First Plan,¹⁷ AECs will have

¹⁶ FNPRM ¶ 32, 14.

¹⁷ In the Matter of a Petition for a Declaratory Ruling and Related Waivers to Establish a New Regulatory Model for the Ameritech Region, DA 93-481 ("Customers First Plan").

access to Ameritech's LIDB data bases in order to perform the carrier identification functions required for BPP. Alternatively, AECs may choose to contract with Ameritech to perform BPP, operator services or data base functions.

E. Correctional facilities should be exempted from BPP.

The Commission asks for comments on whether prison inmate services should be exempt from BPP.¹⁸ Ameritech proposes that the Commission exempt inmate services from BPP due to increased fraud risks. The exemption should apply regardless of whether the operator services are provided by a LEC, OSP, IXC, independent payphone provider, or AEC.

As noted by other commenters, to the extent that BPP eliminates per-set presubscription, it also eliminates the incentive for OSPs to develop and finance inmate restrictions. For that reason, the Commission should provide for a higher set usage fee for calls from prisons, in order to finance the development and use of fraud control capabilities.

The Commission also asks whether inmate services could be exempt from BPP as long as the rates charged are equal to or less than the dominant carrier's rates.¹⁹ Ameritech supports the proposal, subject to a clarification that it applies regardless of who is providing the operator services -- LEC, CAP, AEC, OSP or interexchange carrier. There is no justification for discrimination against certain providers of operator services, which would result in the foreclose of service options to prisons.

¹⁸ FNPRM ¶51.

¹⁹ FNPRM ¶51.

F. New LIDB anti-fraud capabilities should not be required as part of BPP.

In the FNPRM, the Commission notes that some parties have argued that LIDB could be used to improve the detection of fraud from prisons in a BPP environment.²⁰ These arguments miss the mark. Whereas LIDB (or systems adjunct to LIDB) can detect an inordinate number of calls to a particular number, LIDB cannot itself prevent fraud. For collect calls, LIDB only verifies if the called party will accept the call; Control of such calls is done with screening on the originating line. Calls originating from prisons carry a generic alternate-billing-only code, which may be associated with calls from COCOT, hotel/motel, or charge-a-call lines as well as from prisons, in order to prevent calls from being billed to the originating line. The LECs and AT&T do additional screening of such calls in order to determine if the calls are collect-only. Many carriers do not have this additional screening capability. The only method by which MCI and other carriers know for certain that a call should be collect-only is to put prison lines in a dedicated trunk group.

In a BPP environment, a prison call sent to a non-AT&T carrier with the same code could easily be processed as a calling card call. Once permitted, such a call could go anywhere -- including a "hot house" that forwards fraudulent calls -- with no restriction. The most effective way to control fraud on inmate-originated calls is with premises equipment on the prison site, coupled with the use of a single carrier.

Assuming that paid commissions for prison collect calls are eliminated under BPP, the features necessary to control inmate calls must either be incorporated into the network or implemented in premises equipment.

²⁰ See FNPRM ¶45

Prison call control features already implemented in CPE-based equipment include:

- Real time reporting of all call activity in the prison. With this capability, officials are able to observe calling patterns by looking at call detail on a real time basis. This allows them to block calls immediately and to designate specific types of alarm calls which are recorded.
- Call blocking, which prevents harassing calls to judges, sheriffs, jurors and witnesses. Such systems are flexible and give immediate control.
- Threshold-setting for number of attempts or denials at a particular number.
- Exclusion of calls from being recorded, such as calls to attorneys.
- "Call Splitting" so that no talk path is established until the call is completed. This capability prevents callers from passing messages or duping operators into completing fraudulent calls.
- Detection of three-way calls. Calls to a line with three-way calling capability can circumvent call blocking or generate fraudulent calls.
- Control PINs, which restrict called numbers to those on a list.

These features are not reflected in the BPP service design, nor can BPP provide the immediacy that prison officials need for effective call monitoring, call blocking and threshold establishment. In addition, certain functions such as PIN control cannot be easily implemented on the public switched network. The key element of an effective fraud control program is that every carrier must have fraud controls or recognize screening codes. To the extent that a carrier does not implement existing controls, it will naturally be subject to fraud.

The Commission also asks whether LECs providing LIDB supporting BPP should be required to tariff some form of anti-fraud service; e.g., one that signals the OSP if a suspicious number of collect or third number calls were directed at a particular number.²¹ It is not necessary to mandate tariffing of the suggested anti-fraud capability, because certain aspects of it exist today as a part of current fraud detection and analysis capabilities, and because the OSPs themselves can just as easily perform this function. All 0+ calls billed to a particular number or card will be handled by the same OSP or interexchange carrier, who presumably maintains a billing and customer information database.

As described above, Ameritech's LIDB fraud analysis system includes additional call pattern tracking capabilities that detect high levels of collect or bill to third number calls and generate an alert for an investigation or other action. However, today some interexchange carriers do not include both the calling and called number in their LIDB queries, which limits the effectiveness of the pattern analysis capabilities which exist today in LIDB. Mandatory tariffing of the services described would not remedy this situation.

G. Unless BPP is adopted by the states, separations changes are required to prevent an over-allocation of BPP costs to the state jurisdictions.

In the FNPRM the Commission finds that "it is not persuaded that separations changes are necessary."²² The Commission's position is based upon its confidence that BPP will be implemented for both interstate and intrastate interLATA traffic and that existing separations factors will therefore produce a reasonable result.

²¹ FNPRM ¶51.

²² FNPRM ¶59.

To the extent that BPP is not adopted in the states, use of the current allocation factors will create a jurisdictional mismatch between BPP and its costs. This situation could create a cost recovery problem for the states and the LECs. Also, the demand assumptions for BPP reflect both interstate and intrastate usage. If the states do not implement BPP by adopting the same charging structure as that selected by the Commission, the resulting demand recalculations would likely raise the interstate per-call rate.

H. A formal balloting process would be unnecessary, costly and confusing.

Ameritech agrees with the Commission that customers should be notified by their exchange carriers of their options under BPP. This notification can take the form of a separate mailing or a prominent bill insert. The notification should include instructions on how to select an OSP that is different than the customer's presubscribed interexchange carrier.

However, Ameritech does not believe that requiring balloting as a part of the BPP notification process is necessary or appropriate. Balloting would create a great deal of confusion and expense, and would be counter-productive for three reasons.

First, it would be necessary to ensure that the ballot includes all OSPs available at a particular moment in the area involved. In the dynamic marketplace of operator services there would be a real risk of discrepancy. Second, a ballot would likely create the false impression that the LEC is vouching for the OSPs on the ballot or that the customer must make a choice. Third, OSPs seeking a customer's business could just as easily provide a selection form to their customers or handle the notification for the customer. On balance, Ameritech believes that forced customer selection via balloting creates more harm than good and should not be imposed.

The Commission also tentatively concludes that no forced allocation procedure should be adopted to assign customers to IXC's; rather, if customers do not respond to the BPP notification, they should be defaulted to their presubscribed interexchange carrier.²³ Ameritech agrees. Customer presubscription to an interexchange carrier does constitute an affirmative selection and should not be changed unless a definite election is made to do so. It makes little sense that a customer who has selected a particular presubscribed carrier would suddenly have that selection changed, solely for purposes of operator-assisted calling, without the customer's knowledge simply because he failed to return a ballot. Thus, because of the potential adverse impact on customer service, BPP should not involve a forced allocation process that would arbitrarily reassign customers to a carrier not selected by them. Such a forced allocation process would also increase service costs, as well as introducing substantial customer confusion and resentment.

I. The primary OSP should select secondary OSPs.

The Commission asks the parties to address the costs and benefits of allowing the primary carrier to select its secondary OSPs.²⁴ Ameritech previously addressed, in its 1992 BPP Comments, the reasons why OSPs should be permitted to select their secondary OSPs.²⁵

In summary, the only reasonable method to handle appointment of secondary OSPs is to enable the primary OSP to select the secondary OSPs it will use as subcontractors in areas the primary OSP does not provide facility based service. First, based upon Ameritech's experience, customers do not

²³ FNPRM ¶67.

²⁴ FNPRM ¶68.

²⁵ 1992 BPP Comments, pp. 9-10.

want to have to arrange service with multiple carriers. Second, customers do not have the information, knowledge or leverage to effectively negotiate with OSPs in other parts of the country. Third, customers will hold the primary OSP responsible for the service and rates of its secondary carrier. As a result, the primary OSP will have every incentive to choose secondary OSPs that provide reliable, high quality and reasonably priced service. Fourth, OSPs have the size, data and ability to negotiate the best possible deals for their customers.

The Commission should also order that calls carried by a secondary carrier must be "branded" with the name of that secondary carrier. This requirement will eliminate potential confusion of customers, who would otherwise believe that the call is not being properly routed.

J. OSP's can select a separate OSP for international calling.

The Commission asks the party to address whether customers should be able to select a different OSP for international calls.²⁶ The field exists in LIDB to designate a separate international carrier. Customers could thus choose whatever international carrier they want. However, since relatively few customers can be expected to designate a different OSP for their international calls, LECs should not be required to solicit the designation of an international carrier. Solicitation would only create customer confusion. The 0+ domestic carrier should be the default international carrier, unless otherwise specified by the primary OSP.

K. BPP will support issuance of line number cards by IXC's without 14 number screening.

The Commission has wisely elected to revisit its original assumption that without 14-digit LIDB screening, OSP's would be unable to issue their own

²⁶ FNPRM ¶69.

line number-based calling cards.²⁷ The issuance of line number-based cards can, in fact, be facilitated by the use of shared-number cards. In a shared-number card arrangement, both the LEC and IXC could issue their own branded cards using the same card number. Carrier changes, handled via present notification methods, would ensure that only one carrier and one PIN at a time would be associated with a customer's account. This approach would avoid the administrative nightmare resulting from multi-carrier, multi-PIN account records, and the attendant risks of fraud, inefficient database administration and wasted disk space.

- L. The implementation date for BPP should be no sooner than 36 months from the date of the Commission's Order mandating BPP.

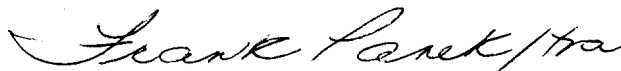
Ameritech estimates that BPP would require at least 3 years from the time of an FCC order to deploy. Contrary to comments made by other parties, Ameritech's vendors have advised that no switch development work has been done to date. Assuming switch requirements could be finalized expeditiously subsequent to an order, 24 months would be required for vendor development, with an additional 12 months required for testing, installation and service activation at all switch sites. However, it should be recognized that the implementation of 14-digit screening capabilities and other new features (as discussed above) could extend the deployment period beyond this range.

IV. CONCLUSION

²⁷ FNPRM, ¶7.

For the above reasons, BPP should be mandated for deployment by all carriers in the United States, subject to the terms, requirements and cost recovery principles described herein.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Frank Panek/tra", written over a horizontal line.

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Dated: August 1, 1994

CERTIFICATE OF SERVICE

I, Kimberly M. Gurrieri, do hereby certify that a copy of the foregoing pleading has been served on all parties by first class mail, postage prepaid, on this 1st day of August 1994.

Kimberly Gurrieri/tra
Kimberly M. Gurrieri

BILLED PARTY PREFERENCE INVESTMENT AND EXPENSE

INVESTMENT

Network	\$22,007,704	
LIDB	\$1,450,387	
Total Investment		\$23,458,091

INITIAL EXPENSE

Training	\$1,983,727	
Ordering and Billing Changes	\$1,304,065	
Customer Notification and Response Processing	\$15,635,000	
Network Costs	\$60,248,690	
LIDB	\$1,156,020	
Total Initial Expense		\$80,327,502
Total Investment and Initial Expense		\$103,785,593

RECURRING EXPENSE

New Operator Salaries	\$22,713,683	
LIDB	\$12,480,627	
Total Recurring Expense		\$35,194,310